



June 16, 2010
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Arnold Schwarzenegger
Governor

Ms. Francene Kennedy, Executive Director
North Central Counties Consortium
422 Century Park Drive, Suite B
Yuba City, CA 95991

Dear Ms. Kennedy:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the North Central Counties Consortium's (NCCC) ARRA Summer Youth Program (SYP). This review was conducted by Mr. Larry Yanni from August 31, 2009, through September 3, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by NCCC with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of NCCC, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, NCCC's response to Sections I and II of the ARRA SYP On-site Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on November 17, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings one and two cited in the draft report, no further action is required at this time. However, finding two will remain open until we verify the

implementation of your stated corrective action plan during a future on-site review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 10037.

BACKGROUND

NCCC allocated \$1,950,142 of its \$2,216,071 ARRA youth allotment to serve 635 SYP participants. As of the week of August 31, 2009 NCCC expended \$1,443,694 to serve 689 SYP participants.

ARRA SYP REVIEW RESULTS

While we conclude that, overall, NCCC is meeting applicable ARRA requirements, we noted instances of noncompliance in the following areas: procurement, attendance, and payroll record-keeping. The findings that we identified in these areas, our recommendations and the NCCC proposed resolution of the findings are specified below.

FINDING 1

Requirement: Section 97.36(c) of CFR states, all procurement transactions will be conducted in a manner providing full and open competition. In addition, 97.36(d)(4) states, in part, procurement by a noncompetitive proposal is a procurement through a solicitation of proposal from only one source, or after a solicitation of number of sources, competition is determined inadequate. Furthermore, 97.36(f) states, in part, a cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications.

Observation: We observed that NCCC did not perform a full and open competition for the ARRA SYP procurement transactions.

Specifically, we found that NCCC performed a sole source procurement for Colusa County One-Stop, Glenn County Human Resource Agency, Lake County One-Stop, Sutter County One-Stop, Yuba County Office of Education/One-Stop, and Chico State University Upward Bound Program to implement the ARRA SYP. NCCC justified the sole source procurement citing the NCCC's procurement policy that states, in part, a public urgency or emergency will not permit the time required for a competitive solicitation.

Recommendation: We recommended NCCC provide Compliance Review Office (CRO) with a Corrective Action Plan (CAP), including a timeline,

ensuring that a full and open competition will be conducted for future contracts including contract modifications.

NCCC Response: The NCCC stated that on July 9, 2009, NCCC conducted a full and open Youth procurement which included ARRA and non-ARRA youth funds utilizing a Request for Proposal process.

In addition, NCCC stated that there were three additional reasons indicating that NCCC followed correct procurement practices in contracting for ARRA SYP. First, NCCC stated that they implemented the Workforce Investment Act SYP procurement waiver stated in Workforce Services Directive 09-2. Second, NCCC stated that on April 14, 2009, NCCC was visited by a Department of Labor representative that stated the use of existing youth providers was acceptable. The third and final reason that NCCC indicated that they followed the correct procurement practices is that on May 14, 2009, NCCC's Governing Board and Workforce Investment Board approved the sole sourcing of the existing NCCC youth providers through September 2009.

State Conclusion: We consider this finding resolved.

FINDING 2

Requirement: California Code of Regulations, Title 8, Division 1, Chapter 5, Group 2, Article 4, Section 11040 (7)(A)(3) states, in part, that every employer shall keep accurate information with respect to each employee including time records showing when the employee begins and ends each work period. Meal periods, split shift intervals and total daily hours worked shall also be recorded. Meal periods during which operations cease and authorized rest periods need not be recorded.

Observation: We observed that NCCC's subrecipients, Glenn and Sutter counties, utilizes a timecard that only indicates the total number of hours worked for the ARRA SYP participants. The timesheet does not record meal periods, split shift intervals, or beginning or end times as required.

Recommendation: We recommended that NCCC provide CRO with a CAP, including a timeline, explaining how Glenn and Sutter counties will ensure that, in the future, participants enrolled in work experience will use a timecard that shows when the employee begins and ends

each work period including meal periods, split shift intervals, and total daily hours worked.

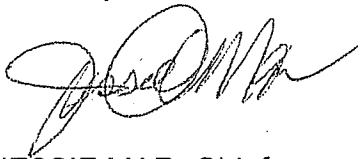
NCCC Response: The NCCC stated that prior to the ARRA Youth monitoring exit conference on September 8, 2009, they developed a time sheet to be completed by all individuals participating in a NCCC Work Experience (WEX). On October 18, 2009, the new NCCC WEX timecard instructions for usages was incorporated in to the NCCC Administrative Procedure No. 17, WEX Procedure Manual. Furthermore, on November 9, 2009, NCCC implemented the use of a new timecard and provided documentation of their actions.

State Conclusion: The NCCC stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future on-site visit, NCCC's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10037.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is NCCC's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain NCCC's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Jennifer Shane at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Linda Beattie, MIC 50
Daniel Patterson, MIC 45
Jose Luis Marquez, MIC 50
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